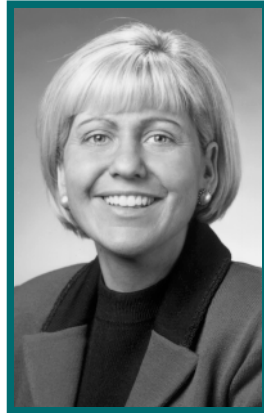


California Board of Accountancy

President's Message



Donna McCluskey, CPA
President

As the Board's second sunset review cycle draws to a close, I am pleased to report that licensees in California will continue to be regulated by the California Board of Accountancy. Two bills, SB 133 by Senator Liz Figueroa and AB 270 by Assembly Member Lou Correa extend the Board's sunset date until July 2006.

These bills also change the Board's composition by adding one public member to the Board while retaining the licensee majority. In addition, the new law will eliminate the mandate that one member of the Board be a Public Accountant (PA). The former PA position now will be filled by a licensee member from a small firm (PA or CPA). The last PA license was issued in 1968, and there are fewer than 250 PAs with active licenses. It has therefore been difficult to find interested and qualified PAs to serve on the Board. This law change will give the Governor's Office greater flexibility to appoint the most qualified candidates.

Another significant outcome of sunset review is that licensure requirements will be changing, effective January 1, 2002. You may recall that in its *2000 Sunset Review Report*, the Board proposed revising licensure requirements to be more consistent with the Uniform Accountancy Act (UAA) and with the licensure requirements of most other states. When this proposal was considered by the Joint Legislative Sunset Review Committee and by the Department of Consumer Affairs, several of the provisions proved to be controversial. After discussions involving representatives of the profession and other interested parties, a compromise was reached that will create two pathways to licensure for CPA candidates in California. Law changes establishing these pathways are contained in SB 133 and a second bill, AB 585, by Assembly Members Nation and Campbell.

The first pathway will be very similar to the current licensure requirements except that a bachelor's degree will be the minimum educational requirement. While there will continue to be a two-year general experience requirement, the exam passage and conditional credit requirements will remain the same.

The second pathway is consistent with the Uniform Accountancy Act (UAA). This will be the pathway of choice for those candidates who are interested in the opportunity to practice in other states. One hundred and fifty semester hours of education (including a bachelor's degree) and one year of general experience will be required for licensure. Also, the candidate will have to pass the exam by meeting the UAA exam passage standards. Details about the UAA exam passage standard can be found on the home page of the Board's Web site.

*(Please see President's Message,
continued on page 2)*

Spokane

Mission Statement

The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.

Vision Statement

It is the vision of the California Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.

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President's Message (continued from page 1)

Attest experience will not be required for licensure under either of the two pathways. However, if the licensee wishes to be able to sign reports on attest services, a minimum of 500 hours of attest experience will be required.

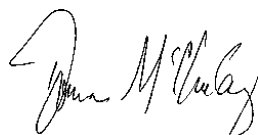
Although these new requirements will go into effect in January 2002, candidates who applied, qualified and sat for the examination before May 15, 2002, can obtain licensure prior to January 2006 under the old requirements.

The agreement on the two-pathway approach was reached in May 2001, compelling the Board to quickly develop procedures and regulations to implement the new requirements by the January 1, 2002, effective date. To meet this challenge, a task force consisting of members of the Board and Board Committees, educators, and representatives of the profession met on July 13 at the Board office in Sacramento. The task force's recommendations were adopted by the Board at its July 20, 2001, meeting. The recommendations included implementing regulations which are scheduled for public hearing on November 16, 2001. This issue of *Update* contains both the hearing notice and text of these regulations, as well as a detailed article that provides information about the new pathways.

Another important component of the new laws is a requirement that, effective 2006, all firms providing attest services, except sole proprietors and small firms (no more than four licensees on staff), must complete peer reviews to renew their licenses. In its *2000 Sunset Review Report*, the Board proposed establishing a peer review requirement to enhance consumer protection. In the next year, we will begin working on regulations and procedures to implement peer review. Sole proprietors' and small firms' reports will continue to be reviewed in the Board's Report Quality Monitoring Program.

The Board's 2000 sunset review process is now complete. The next report is due in just three years in the fall of 2004. Fortunately, since the Board published such comprehensive information in its last two reports, the next review will be limited to issues related to implementing the new licensure requirements.

As always, to keep you informed, we will be providing more information in future issues of *Update* and on the Board's Website at www.dca.ca.gov/cba.



Donna McCluskey, CPA
President

Issues of Interest

to the Consumer and the Practitioner

News to You

New Board Members

Three new members have been appointed to the California Board of Accountancy:

Wendy Perez, CPA, of San Jose, a partner with Ernst & Young LLP, serves as Director of the firm's Pacific Northwest entrepreneurial services. She earned her bachelor of science degree from San Jose State University and has more than 25 years of experience in the accounting and tax field. Ms. Perez was appointed by Governor Gray Davis.

Ian Thomas, of Valley Village, is a public member, appointed by Governor Gray Davis. A partner at the Thomas Consulting Group, a public affairs firm specializing in institutional investors, he is a member of the Valley Industry and Commerce Association. Mr. Thomas earned a bachelor of arts degree from the University of California, Los Angeles.

Richard S. Charney, D.C., of San Francisco, is also a public member, appointed by the Senate Rules Committee. Dr. Charney has 25 years of diversified business experience, and he formerly served as Workers Compensation Physician for the City of Hollywood, Florida. A practicing chiropractic physician since 1983, he received his doctor of chiropractic degree from Palmer College.

Recruiting for Board Committees

The Board is seeking qualified licensees to serve in 2002 on its Administrative Committee, Qualifications Committee, and Report Quality Monitoring Committee, all advisory in nature.

Please see the article in this edition of *Update* for information about each of these committees, qualifications to serve, and the actual process for submitting one's name as a candidate.

May 2001 CPA Examination

The Uniform CPA Examination was held May 2-3, 2001, in Pleasanton, Pomona, and Sacramento. While 9,500 candidates were scheduled to take the exam, after an approximate 21 percent "no show" rate, 7,520 candidates actually sat for the exam.

California proctored 58 candidates from other states, and 119 California candidates were scheduled to take the exam in another state.

CE Requirement for Licensees Submitting Statements Under SSARS No. 8

At its July 2001 meeting, the California Board of Accountancy considered the AICPA's Statement on Standards for Accounting and Review Services (SSARS) No. 8 in relation to the Board's continuing education and report quality monitoring requirements. SSARS No. 8, which applies to statements submitted after December 31, 2000, allows an accountant to prepare compiled financial statements without issuing a report when the financial statements are intended for use only by management. The engagement letter would document that the financial statements are not intended for use by third parties.

The Board concluded that since no report is issued, these financial statements would not be subject to review by the Report Quality Monitoring Committee. However, licensees who compile these financial statements still need to follow compilation performance standards.

Consequently, these licensees are required to complete 24 hours of accounting and auditing continuing education. For more information, contact Larry Knapp, CPA, of the Board's staff, at (916) 263-3962 or at lknapp@cba.ca.gov.

On-line Continuing Education Database

Licensees now have a new on-line education resource at www.cpemarket.com, which was developed by the National Association of State Boards of Accountancy. The Web site offers users a large database of approximately 3,000 continuing education courses searchable by subject, location, date, price, and number of credits. Users may link to the provider to enroll on-line, and cpemarket.com also is available to course providers desiring to add their courses to the database.

Important! Changes to Examination and Licensure Requirements

Two bills, SB 133 (Figueroa et al.) and AB 585 (Nation, Campbell) are currently moving through the California Legislature and will, if enacted, significantly change the requirements for examination and licensure. These two bills contain similar language and are expected to be signed by the Governor in October 2001, with a January 1, 2002, effective date.

While the changes summarized below do not directly affect current licensees of this Board, licensees are encouraged to share this information with their employees who may be interested in becoming California CPAs. Because the next Uniform CPA Examination is scheduled for November 7-8, 2001, the Board chose to provide, in this issue of *Update*, a summary of changes that directly impact future licensees of the Board. Information regarding anticipated changes that may affect current licensees will be provided in future issues of *Update*.

The new laws would provide applicants with two pathway options.

Pathway 1 will be similar to the current examination requirements and requires:

- A baccalaureate degree from an accredited college or university.
- 24 semester units in accounting subjects. Acceptable accounting courses include accounting, auditing, financial reporting, external or internal reporting, financial statement analysis and taxation.
- 24 semester units in business-related subjects. Acceptable business-related courses include business administration, economics, finance, business management, marketing, computer science/information systems, statistics, business communication, mathematics, business law, or business related law courses offered at an accredited law school. Courses in excess of the 24 semester units required in accounting may be counted toward the business-related units.
- Examination passage in accordance with the current examination passage and conditioning standards in California.
- Two years of general accounting experience is required for licensure. A minimum of 500 hours of attest experience is required for those who want to sign attest reports.

Applicants who select Pathway 1 may not change to Pathway 2 unless they retake the entire examination.

Pathway 2 is similar to the licensing requirements of many other states and the Uniform Accountancy Act (UAA). This may be the pathway of choice for those applicants who are interested in being able to practice as CPAs in other states. Pathway 2 requires:

- A baccalaureate degree from an accredited college or university.
- 24 semester units in accounting subjects as indicated in Pathway 1.
- 24 semester units in business-related subjects as indicated in Pathway 1.
- Examination passage in accordance with the UAA examination passage and conditioning standards. Specifics regarding the UAA examination passage and conditioning standards are available on the home page of the Board's Web site or may be obtained by contacting Board staff at the numbers listed at the end of this article.
- 150 semester units of education is required for licensure.
- One year of general accounting experience is required for licensure. A minimum of 500 hours of attest experience is required for those who want to sign attest reports.

Applicants who sit for the examination under Pathway 2 may change to Pathway 1 without having to retake passed examination sections.

An applicant who passes all sections at the November 2001 Uniform CPA Examination, or previously passed all sections of the examination, will have the following licensure options:

1. Ability to apply and qualify under current licensing requirements by December 31, 2005.
2. Satisfy the requirements of Pathway 1 (similar to the current requirements) or Pathway 2 (similar to UAA requirements) and apply and qualify for licensure. If the applicant did not meet the educational

(Please see *Changes to Examination and Licensure Requirements*, continued on page 5)

California Board of Accountancy

requirements of either Pathway 1 or Pathway 2 at the time the applicant initially applied and sat for the examination, the applicant must satisfy the educational requirements and apply and qualify for licensure by December 31, 2005. *Evidence of qualifying education must be provided at the time of application for licensure.*

Applicants who met the educational requirements of either Pathway 1 or Pathway 2 at the time they initially applied and sat for the examination are not subject to the December 31, 2005, licensure deadline.

An applicant who applies, qualifies, and sits for at least two sections of the May 2002 Uniform CPA Examination or sat for a prior examination, but has not passed the examination may:

1. Continue to sit for the Uniform CPA Examination under the requirements in effect on December 31, 2001. However, the applicant must pass the examination, and apply and qualify for licensure under current requirements by December 31, 2005; or
2. Apply to sit for the remaining unpassed sections of the examination under Pathway 1 or Pathway 2, providing the applicant met the educational requirements of either pathway at the time the applicant initially applied and sat for the examination. The applicant must satisfy the appropriate conditioning requirement and apply for licensure under the new licensing requirements. If the applicant did not meet the educational requirements of either pathway at the time the applicant initially applied and sat for the examination, and still wants to apply under Pathway 1 or Pathway 2, the applicant must meet the new educational requirements, reapply as a new applicant and retake the examination, including passed sections, to qualify for licensure.

Applicants should carefully consider their options prior to applying for the Uniform CPA Examination, as any decisions may impact future licensure opportunities. The licensure requirements in most states are consistent with the UAA. The Board encourages first time applicants for the November 2001 examination to consider sitting for all four sections of the examination, as required under Pathway 2, because Pathway 2 is most consistent with the UAA.

An applicant who applies, qualifies, and sits for the first time at the May 2002 Uniform CPA Examination will:

- Be scheduled under the requirements of Pathway 2, unless the applicant provides a written request to be scheduled under Pathway 1 or under the requirements in effect on December 31, 2001.
- Have the option to change from Pathway 2 to Pathway 1 at any time prior to licensure. A written request will be required.

Applicants who do not select Pathway 2 at the May 2002 Uniform CPA Examination may not change to Pathway 2 unless they retake the entire examination.

An applicant who does not sit for at least two parts of the May 2002 Uniform CPA Examination or has not sat for a prior examination, and wants to become licensed in California must:

- Meet the educational requirements of Pathway 1 or Pathway 2.
- Apply for and pass the Uniform CPA Examination under the examination passage standards of Pathway 1 or Pathway 2, and
- Apply for licensure under Pathway 1 or Pathway 2 and meet the licensure requirements of that pathway.

Applicants who are licensed under the current requirements (Section 5083 of the Business and Professions Code and Section 11.5 of Title 16 of the California Code of Regulations) are authorized to provide attest services. An applicant who applies and qualifies for licensure under the general experience requirements of Pathway 1 or Pathway 2 must satisfy the attest experience requirement in order to sign attest reports.

Questions regarding these changes may be directed to Board staff at:

Telephone: (916) 263-3972 or (916) 263-3974

Facsimile: (916) 263-3676

E-mail: pathwayinfo@cba.ca.gov

Please visit the Board's Web site at www.dca.ca.gov/cba for updated information. ❖

Undercover at the CPA Exam

*Stephen DeRose,
California Board of Accountancy Investigative CPA*

Ensuring CPA Examination security is one of the charges of the California Board of Accountancy. In the past five years, the Board's Enforcement Division has taken preemptive measures, as well as actively investigated and prosecuted cases, to maintain the integrity and security of the examination. These actions have culminated in a number of disciplinary actions against exam applicants, new legislation that strengthens the Board's jurisdiction in this area, and changes in California examination sites designed to lessen the number of cheating incidents.

These successful efforts have drawn attention nationwide, resulting in other states requesting California's assistance in these matters. There are also fewer incidents of cheating in California due to the Board's diligence in this area. However, advances in technology continue to provide new challenges to ensuring examination security. This Board continues to encounter unprecedented security issues and unparalleled cheating

techniques, all of which have resulted in a new enforcement vocabulary and investigative process.

One such issue called "time zoning" involves test-takers from earlier time zones electronically communicating examination information to test-takers in later time zones. Combating this type of cheating will require cooperative efforts by enforcement personnel across the country as well as surveillance of candidates after the examination both at and away from the exam site.

One might ask why is such a high priority and emphasis placed on this issue when some have suggested that exam cheating is a victimless crime? Consider that this Board tests between 12,000 to 16,000 applicants yearly, and each honest examinee is a victim due to a cheater's unfair advantage. While no studies have been performed by the Board, it is not unreasonable to suspect that an exam cheater may be more likely to engage in substandard, unethical, or unlawful practices as a future licensee.

Prevention and detection of exam cheaters is on-going at test sites. Test-takers should be aware that the friendly exam proctor in the testing hall could actually be one of the Board's undercover enforcement officers. ❖

Information for Licensees Who Perform Attest Services: Accounting and Auditing (A&A) Continuing Education

Licensees who plan, direct, approve, perform a substantial portion of the work or report on an audit, review compilation or attestation service on a non-governmental entity, must complete 24 hours of continuing education (during the renewal period). Acceptable courses are those related to financial statement preparation and/or reporting, auditing, review, compilations, industry accounting, attestation services, or assurance services.

Caution: The Board has found that, in general, the content of computer software accounting courses does not satisfy the A&A requirement. However, these courses may qualify as acceptable CE in other categories; for example, computer and information technology (excluding word processing).

Licensees also may complete 100 percent of the CE requirement in qualifying self-study programs.

- Interactive self-study courses receive CE credit equal to the average completion time (100 percent).
- Non-interactive self-study courses receive CE credit equal to half (50 percent) of the average completion time.

The Board has found that some national CE providers grant credit for non-interactive self-study courses equal to the average completion time (100 percent), which is not acceptable under California CE requirements. It is the licensee's responsibility to correctly report self-study CE credit for license renewal.

Questions regarding Accounting and Auditing continuing education may be directed by telephone to Ms. Vivian Chen of the Board's staff at (916) 263-3937 or by e-mail to renewalinfo@cba.ca.gov. ❖

New Fingerprinting Technology Available to Licensure Applicants

The Accountancy Act requires all candidates applying for the California CPA license to submit fingerprint cards for the purpose of conducting a criminal history check with the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI).

In the past, it took up to four months to process fingerprint cards, making the process of obtaining the initial license much longer. Now, there is a quicker way—an alternative to the rolling process that uses ink and 8" x 8" fingerprint cards.

Live Scan is inkless, electronic fingerprinting by which the prints are electronically submitted to the DOJ. Digitizing the fingerprints enables the automatic transfer of the fingerprint image data in combination with personal information to the DOJ computers in a matter of seconds, instead of the days required to send hard copy fingerprint cards through the U.S. mail.

Once at the DOJ, the applicant-related information is quickly processed. In fact, 95 percent of the electronic fingerprints are completed in three days or less. The DOJ also coordinates other processing resulting from the automated submission of fingerprints, including forwarding the fingerprints to the FBI and coordinating the collection of associated fees.

The Board continues to accept "manual" Applicant Fingerprint Cards which are analyzed by a qualified technician trained in fingerprinting techniques. Applicants who pass the CPA exam automatically receive a CPA licensure packet with two fingerprint cards. In addition, the Fingerprint Packet Request form (request for both fingerprint cards and Live Scan Service) is available at the Board office and also on the Board's Web site at www.dca.ca.gov/cba/forms/finger.pdf.

Most California law enforcement agencies (such as sheriff's offices and police departments) can provide the Live Scan service. There are more than 130 Live Scan sites throughout the state, and a listing of these service locations in California can be viewed on the DOJ Web site at <http://caag.state.ca.us/fingerprints/publications/contact.pdf>. Applicants living outside California must continue to use the fingerprint cards unless Live Scan is available in their states.

The processing fee for either Live Scan or conventional fingerprinting processing is \$56, payable to the enforcement agency performing the fingerprinting. ❖

Introducing the *Licensee Handbook*

Board staff have developed a *Licensee Handbook* containing information of interest to all licensees — new as well as experienced. The handbook replaces the pamphlet, *Information for CPA/PA License Renewal*, that you've been receiving with your license renewal forms. For your convenience, the handbook is the same handy size — 3 ¾" x 8 ¾".

Topics within the publication include:

- Accountancy corporations and partnerships.
- Address of Record.
- Board contacts.
- Board mission and authority.
- Board requests.
- Change of address.
- Conflict of interest.
- Commissions.
- Continuing education.
- Enforcement.
- Fees.
- Fictitious names.
- Frequently asked questions.
- License renewal, delinquency, and cancellation.
- Public information.
- Report Quality Monitoring Program.
- Reportable events.
- Web License Lookup.

All newly-licensed CPAs will receive the handbook with their license notification letters. Subsequent copies will be sent to licensees with the renewal forms. The *Licensee Handbook* will be updated annually and posted to the Board's Web site in an 8 ½ x 11" format for those of you who want the latest edition.

The *Licensee Handbook* should be in the mail by September 2001 for those whose licenses expire in November. ❖

The Board Needs You!

Appointment Opportunities to
Board Committees

Deadline to Apply – October 5, 2001

The Board is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on one of the Board's advisory committees for the year 2002. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and to become an integral part of an organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of one year; appointed individuals may serve a maximum of eight terms. Committee members receive a per diem of one hundred dollars for each day spent in the discharge of official duties and are reimbursed under state policies for travel and other expenses incurred in the performance of committee duties.

Vacancies are anticipated for the Administrative Committee, the Qualifications Committee, and the Report Quality Monitoring Committee.

Each committee's activities and required time commitments vary and are as follows:

ADMINISTRATIVE COMMITTEE

The Administrative Committee assists the Board in an advisory capacity with its enforcement activities by receiving and investigating complaints against licensees. The committee monitors investigations, conducts investigative hearings, and may recommend a course of action upon the conclusion of investigations. The committee also considers, formulates and proposes policies and procedures related to the Board's Enforcement Program. This committee is limited by statute to a membership of 13 licensees. It meets four to five times a year, generally for one day, alternating between a northern and southern California city.

QUALIFICATIONS COMMITTEE

The 21-member Qualifications Committee acts as an advisory committee and assists the Board in its licensure activities by reviewing the accounting and attest experience of applicants

for licensure and making recommendations to the Board. This responsibility includes conducting work paper reviews, with the applicant or employer present to respond to inquiries. These procedures are designed to verify that the responses provided on the Board's Form E concerning the applicant's attest experience are appropriate and that the requirements for licensure have been met.

The following characteristics are sought in members of the Qualifications Committee:

- Regularly sign attest reports and have extensive experience in performing audits and reviews in a variety of industries.
- Typically have a minimum of ten years' experience, are a partner or equivalent, and have strong familiarity with accounting and auditing pronouncements.
- Members are from all sizes of firms and represent a balance from both the northern and the southern part of the state.
- Completion of the 24-hour Accounting & Auditing continuing education requirement for each license renewal cycle.

The committee meets five times annually, generally for one day, for a total commitment of approximately five to eight days annually.

REPORT QUALITY MONITORING COMMITTEE

The Report Quality Monitoring Committee monitors and promotes professional competence by ensuring licensees' compliance with accepted reporting and accounting standards. The 25-member committee is responsible for reviewing financial reports of a randomly selected sample of licensees to evaluate the degree to which accounting and reporting standards are met, and recommending appropriate education to licensees when financial reports are below an acceptable rating. It also is responsible for apprising the Board of the results of the practice monitoring.

The following characteristics are sought in members of the Report Quality Monitoring Committee:

- Demonstrated expertise in the preparation of accountants' reports and the application of

*(Please see Appointment Opportunities,
continued on page 9)*

generally accepted accounting principles in the preparation of full-disclosure financial statements, as validated by a review of a sample of the licensee's reports.

- Specialized expertise regarding the preparation of full-disclosure financial statements for not-for-profit, government/special districts or regulated industries is desirable, but not required.
- Practiced a minimum of five years and work at least at a manager or supervisor level.
- Represent both large and small firms, to provide a spectrum of experience.
- If actively practicing, the licensee, or the licensees' firm, should be a member of a practice monitoring program, and should have received an unmodified report in the last peer review year.
- Completion of the 24-hour Accounting & Auditing continuing education requirement for each license renewal cycle.

The committee conducts two open business meetings per year and holds closed-session meetings for the purpose of report review as often as necessary. The meetings are held alternately in regional locations in northern and southern California. In selecting committee members, consideration will be given toward achieving equitable representation of all geographic areas of the state. Members are expected to attend closed meetings only in their own region.

If committee membership interests you, submit a letter of intent with a résumé or *curriculum vitae*, including your CPA license number and the name of the committee in which you are interested.

Please mail your letter of intent and résumé to:
 Carol Sigmann, Executive Officer
 California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, California 95815-3832

As an alternative, you may submit your letter of intent and résumé as attachments via e-mail directly to tstudebaker@cba.ca.gov. Please do not submit any documents with macros.

Letters of intent with résumés are requested no later than October 5, 2001.

All applicants requesting appointment to a Board advisory committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, maintain an active license status during tenure on the committee. There must also be no pending enforcement actions against the licensee. Candidates also will be reviewed for any results of Report Quality Monitoring Committee, Sections 69 and 89.1 work paper, and continuing education reviews.

Each committee chair will interview qualified applicants and make recommendations to the Vice President of the Board. If an applicant is recommended for appointment, that name will be placed on the agenda for adoption by the Board at its November meeting.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Ms. Theresa Studebaker of the Board's staff at (916) 263-3979 or e-mail her at tstudebaker@cba.ca.gov. ❖

Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator
 California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, California 95815-3832

Most Frequent Citations/Violations

The California Board of Accountancy is vested with the authority to issue citations and impose fines. Simply stated, a citation is a legal means by which the Board can impose enforcement action upon a licensed or unlicensed person found to be in violation of a law or regulation governing the profession. The specific regulations that govern the authority and operation for issuance of a citation can be found in Article 12.5, Section 95, of the California Code of Regulations.

Unless contested, a citation typically does not involve the court, the Attorney General, the District Attorney, or the Office of Administrative Hearings. Citations may contain an administrative fine, ranging from \$100 - \$2,500, as well as an order of abatement/correction. The specific regulations that govern the authority and operation for issuance of a citation can be found in Article 12.5, Section 95, of the California Code of Regulations.

The following outlines the most frequent violations for citations issued during fiscal year 2000-2001:

Business and Professions Code (B&P Code) Sections:

5037 Ownership of Accountants' Workpapers.

A licensee shall furnish to his or her client or former client, upon request and reasonable notice, a copy of the licensee's working papers, to the extent that those working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client.

5050 Practice without a Valid Permit.

No person shall engage in the practice of public accountancy in this State unless such person is the holder of a valid permit to practice public accountancy issued by the Board.

5060 Name of Firm.

No person or firm may practice public accountancy under any name other than the name under which the person or firm holds a valid permit to practice issued by the Board.

California Code of Regulations Sections:

3 Notification of Change of Address.

Each licensee shall notify the Board of any change in his or her address of record within 30 days after the change.

87 Continuing Education: Basic Requirements.

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education in the two-year period immediately preceding license expiration and submit the statement required by Section 89.

90 Continuing Education: Exceptions and Extensions.

A renewal applicant may be granted either an extension of time to complete continuing education requirements or an exception from continuing education requirements. Extensions or exceptions may be granted by the Board for reasons of health, certified by a medical doctor, Service of the licensee on extended active duty with the Armed Forces, and other good causes. No extension or exception will be made solely because of age and willful failure of a licensee to complete applicable continuing education within a specified extension of time shall constitute cause for disciplinary action pursuant to Section 5100(f) of the Accountancy Act.

Please see page 12 of this edition of *Update* for more information on continuing education exceptions and extensions. ❖

Board Program Highlights

The Board uses performance measures to identify and monitor Enforcement and Licensure Program results, and these measurements are the bases of making program modifications and adjustments to increase effectiveness and efficiency.

Licensees may be interested to know how performance measures have affected program operations thus far in 2001. The following data demonstrates the positive results of the application and evaluation of the performance measures:

Enforcement

- The Board attained a 25 percent reduction in the average number of days from initial assignment of a case to one of the following to one of the following outcomes — issuance of a citation, referral for investigation, or closure of a case.
- The Board experienced a 5.7 percent reduction in the average number of days from assignment of a case for investigation to completion of the final report.
- The Board accomplished an 11 percent reduction in the average number of days from referral of a case to the Office of the Attorney General to the filing of the accusation.
- The Board realized a 63 percent increase in the ratio of enforcement actions (disciplinary actions or citations and fines) to the number of cases that have been closed.

Licensure

- The Board achieved a 50 percent reduction (from one month to two weeks) in the average time for processing continuing education (CE) verifications and enlarged its random selections of CE verifications from 566 licensees to 882 licensees a year, a 37 percent increase.
- Staff reviews and processes approximately 27,000 license renewals annually. In the first half of 2001, staff generated approximately 900 renewal application deficiency notifications to licensees, in an average time of only four days from receiving a deficient renewal to notifying the licensee — compared to four months in 1999.
- In relation to the November 2000 and the May 2001 Uniform CPA Examination, the Board experienced a 55.8 percent decrease in the number of exam candidate appeals, a result of staff's active efforts to provide exam candidates with alternative solutions.
- During January 1 through June 30, 2001, the Board received approximately 1,000 new applications for the CPA Certificate, 896 of which were approved for licensure. In addition, 109 applications for corporation/firm licensure were registered.
- Staffed at its full capacity of 25 members, from January 1 through June 30, 2001, the Report Quality Monitoring Committee reviewed a total of 398 reports, an 80 percent increase in the number of reviews completed during the same time period last year. ❖

Contributors to this Edition of *Update*

Vivian Chen

Mary Crocker

Stephen DeRose

Patti Franz

Mary Gale

Aronna Granick

Stephanie Hoffman

Rose Lim

Sara Narvaez-Smith

Lynn Selfridge

Theresa Studebaker

Irene Yokoyama

CE Extensions or Exceptions

As a licensee, you are required to complete 80 hours of continuing education (CE) in the two-year period immediately preceding license expiration for an active license renewal.

However, have you ever been faced with circumstances that prevent you from completing all or part of required CE? Do you know you may qualify for an extension of time to complete CE requirements or an exception from completing CE requirements?

Pursuant to Section 90 of the Accountancy Regulations, the Board will grant an extension or an exception for the following causes:

1. Reasons of health, certified by a medical doctor, which prevent compliance by the licensee.
2. Active duty with the Armed Forces of the United States.
3. Other good cause, such as:
 - a. Death of a spouse or immediate family member, supported by a copy of death certificate or obituary.
 - b. Natural disaster.
4. If you have completed 80 hours of CE, but you have not completed the A&A or government CE because you recently became subject to the requirement during the last six months of a two-year license period.

An A&A or government CE extension request can be made on the renewal form and will be automatically approved by the Board. But all other requests for the CE extension or exception must be made on a specific application and submitted with the renewal form and fee for Board approval before the license expiration date. The application is available on the Board's Web site at www.dca.ca.gov/cba, or you may contact the Board to obtain this form.

An extension of as long as six months to complete the required CE may be granted. An exception from completing CE may be granted when a licensee has an extensive health problem. Factors taken into consideration for a CE extension or exception approval are the :

- Extent of the condition or circumstance preventing CE compliance.
- Time frame in which the affected condition or circumstance occurred in the two-year renewal period.
- Amount of CE completed.
- Reasons for not completing self-study courses.
- Licensee's history regarding timely completion of CE.

No CE extension or exception will be granted because of age or workload constraints. When a CE extension or exception is approved, the licensee continues to have rights to practice public accountancy for the subsequent two-year renewal period. Failure to complete the required CE within the extension will result in a referral to the Board's Enforcement Division for possible disciplinary action and resultant practice ineligibility for the subsequent active license renewal, until all the CE requirements have been met.

The CE hours completed within the extension period can not be claimed for the next renewal except for the hours completed to meet the A&A or government CE extension requirement. These A&A or government CE hours completed within the extension period may be claimed as part of the 80 hours for the next renewal. However, if you are again subject to the same requirement, an additional 24 hours of A&A or government CE must be completed to meet the next renewal requirement.

If you have questions regarding a CE extension or exception, you may contact Ms. Vivian Chen of the Board's staff at (916) 263-3937 or by e-mail at renewalinfo@cba.ca.gov. ❖

Regulation Notice

TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Shelter Pointe Hotel, 1551 Shelter Island Drive, San Diego, CA 92106, at 2:00 p.m., on November 16, 2001. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office not later than 5:00 p.m. on November 15, 2001, or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as Contact Person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5018, 5081.1, 5083, 5092, 5093, 5094, and 5095 of the Business and Professions Code, and to implement, interpret or make specific Sections 114, 138, 313.2, 5018, 5023, 5051, 5052, 5081, 5081.1, 5082, 5082.1, 5082.2, 5083, 5084, 5087, 5090, 5091, 5092, 5093, 5094, and 5095, of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

1. Adopt Section 4 of Division 1 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt, amend, or repeal regulations for the orderly administration of the Accountancy Act. Business and Professions Code 5051 defines the practice of public accounting. Business and Professions Code Section 5052 describes reports and other activities that may be performed by unlicensed persons.

Current regulations do not contain "safe harbor" language that nonlicensees can use in the preparation of financial statements so that the creation of these documents is not deemed to be the practice of public accounting. This proposal would adopt Section 4 providing "safe harbor language."

2. Amend Section 6, 7, 8, 9, 9.1, 10, 11.5, and 37. Adopt Sections 9.2, 12, 12.5, 13, and 14 of Title 16 the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt, amend, or repeal regulations for the orderly administration of the Accountancy Act. Senate Bill 133 and Assembly Bill 585 add Sections 5090, 5091, 5092, 5093, 5094, and 5095 to the Business and Professions Code to establish two different pathways for obtaining the Certified Public Accountant license, effective January 1, 2002. One pathway is highly similar to the licensure requirements that were previously in place. A second pathway is consistent with the licensure requirements in the Uniform Accountancy Act. In addition, applicants who applied, qualified and sat for the examination before May 15, 2002, can apply for licensure under the old requirements until January 1, 2006. This proposal adopts new regulations and amends existing regulations to implement and make specific these law changes.

3. Amend Section 50 of Division 1 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt, amend, or repeal regulations for the orderly administration of the Accountancy Act. Business and Professions Code Section 5018 authorizes the Board to prescribe, amend, or repeal regulations related to rules of professional conduct. Business and Professions Code Section 138 requires each licensing board within the Department of Consumer Affairs to adopt a regulation to require each licensee to provide notice to his or her clients that the practitioner is licensed by the State.

Current Section 50 was adopted to comply with the mandates of Business and Professions Code Section 138. This proposal would revise Section 50 for enhanced clarity.

FISCAL IMPACT ESTIMATES

- Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.
- Nondiscretionary Costs/Savings to Local Agencies: None.
- Local Mandate: None.
- Cost to Any Local Agency or School District for Which Government Code Section 17561 Requires Reimbursement: None.
- Business Impact:
The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

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AND

The following studies were relied upon in making that determination: None.

• Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

• Cost Impact on Representative Private Person or Business:

The California Board of Accountancy is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

• Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The California Board of Accountancy has determined that the proposed regulations would affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative which it considered or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the web site listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed administrative action may be addressed to:

Name: Aronna Granick
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
 Telephone No.: (916) 263-3788
 Fax No.: (916) 263-3675
 E-Mail Address: agranick@cba.ca.gov

The backup contact person is:

Name: Mary Crocker
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
 Telephone No.: (916) 263-3940
 Fax No.: (916) 263-3675
 E-Mail Address: mcrocker@cba.ca.gov

Inquiries concerning the substance of the proposed regulations may be directed to Aronna Granick at (916) 263-3788.

Web site Access: Materials regarding this proposal can be found at www.dca.ca.gov/cba.

TEXT OF PROPOSAL**Section 4. Safe Harbor Language.**

A person who is not licensed by the California Board of Accountancy, and who prepares a financial report in a form substantially the same as that set forth in subsection (a) or (b) below, shall not be deemed to be engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code.

(a) "I [we] have prepared the accompanying financial statements of [name of entity] as of [time period] for the [period] then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management [owners].

I [we] have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them."

(b) "We [I] have prepared the accompanying statement of assets, liabilities and equity for [name of company] as of [month-day-year], together with the related statements of revenue, expense, [and cash flow] for the year [or month] then ended on the income tax basis of accounting.

The preparation of financial statements on the income tax basis of accounting is limited to presenting information that is the representation of management [the owners]. We [I] have not audited nor reviewed the accompanying statements. Accordingly, we [I] do not express an opinion or any other form of assurance on them.

Management has [The owners have] elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenues, expenses [and cash flow]. Accordingly, these financial statements are not designed for those who are not informed about such matters."

NOTE: Authority cited: Sections 5010, Business and Professions Code. Reference: Sections 5051 and 5052, Business and Professions Code.

Section 6. Examination Required, Passing Grades, Provisions for Disabled Applicants.

(a) Every candidate for the C.P.A. CPA license is required to pass or to have passed the Uniform Certified Public Accountant Examination prepared by the American Institute of Certified Public Accountants or to otherwise have met the examination requirements of Section Business and Professions Code Sections 5082, 5092, or 5093 and the requirements of this article. A candidate shall be required to obtain a grade of 75 or higher in each of the subjects of the Uniform Certified Public Accountant Examination in order to pass the examination. This rule is subject to the provisions of Rule 7.

(b) The passing score for any section of the Uniform Certified Public Accountant Examination is 75.

(b) The examination fee may be transferred by the Board to the next scheduled examination where:

(1) Reasons of health, certified by a medical doctor, prevent taking the examination;

(2) The applicant has been transferred to another state or country as certified by the applicant's employer;

(3) Other good cause exists.

(c) A disabled candidate, upon request and presentation of satisfactory evidence of need, in accordance with the Americans with Disabilities Act will be afforded such accommodation in the examination procedures or the examination conditions as may be reasonable.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 313.2, 5082, 5082.1, 5082.3, 5131, and 5134, 5092, and 5093, Business and Professions Code.

Section 7. Conditional Examination Credit Requirements for Applicants Who will be Applying for Licensure Pursuant to Business and Professions Code Section 5090(b).

(a) A candidate who passes two or more subjects at any examination shall receive a conditional credit for such subject or subjects and shall have the right to be re-examined in the remaining subject or subjects for the six (6) examinations immediately following receipt of such conditional credit and, if such remaining subject or subjects are passed during the six subsequent examinations, the candidate shall be considered to have passed the examination.

(b) The conditional period in subsection (a) may be extended by the Board upon a showing of extraordinary extenuating circumstances which prevented the applicant from retaking the examination in such period.

(c) Time during which a candidate is serving in the armed forces shall be excluded in determining the conditional period in subsection (a) unless the candidate takes an examination while so serving, in which case such time shall be included in computing the conditional period.

(d) This section shall become inoperative on January 1, 2006.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Sections 114, 5082, and 5082.2, and 5090, Business and Professions Code.

Section 8. Examination Final Filing Dates.

(a) Applications for the Uniform CPA Examination must be received by the Board at its office or postmarked on or before the below final filing dates in order to be accepted for that exam. Applications postmarked after the final filing dates listed in this section shall be rejected and returned to the applicant. Meter marks are not acceptable proof of mailing.

(b) First-time Applicant Final Filing Date.

(1) The final filing date for applicants who have never sat for the Uniform CPA Exam in California shall be February 1 for the May examination, or August 1 for the November examination. If the examination final filing date falls on a Sunday or a National holiday on which the United States Postal Service is not open, the final filing date will be the next business day.

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(2) The application must be complete, including official transcripts and/or foreign evaluations pursuant to Section 9 or Section 9.2, and the appropriate fees, or it shall be rejected by the Board and the applicant will not be scheduled to sit for the examination.

(c) Repeat Applicant Final Filing Date.

(1) The final filing date for applicants who have previously taken the Uniform CPA Exam in California shall be March 1 for the May examination, or September 1 for the November examination. If the examination final filing date falls on a Sunday or a National holiday on which the United States Postal Service is not open, the final filing date will be the next business day.

(2) The application must be complete including the appropriate fees or it shall be rejected by the Board and the applicant will not be scheduled to sit for the examination.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1 and 5082.2, 5092 and 5093, Business and Professions Code.

Section 9. Educational Requirements for Applicants Who will be Applying for Licensure Pursuant to Business and Professions Code Section 5090(b).

Each applicant must present satisfactory evidence that he or she meets the requirements set forth in Section 5081.1 of the Business and Professions Code. Satisfactory evidence as to educational qualifications shall take the form of certified transcripts of the applicant's college record mailed directly to the Board from the educational institution; however, in unusual circumstances the board may accept such other evidence as it deems appropriate and reasonably conclusive. For foreign education, in addition to certified transcripts of the applicant's college record, satisfactory evidence usually takes the form of an evaluation of educational credentials by a credentials evaluation service approved by the Board pursuant to Section 9.1.

For purposes of Business and Professions Code Sections 5081.1 and 5084, one quarter unit is equivalent to 2/3 of one semester unit.

(a) To qualify under the provisions of Section 5081.1(a), an applicant shall have a baccalaureate degree with 45 semester units or the equivalent in quarter units including at least 10 semester units or the equivalent in quarter units of audit and accounting subjects. The remaining units may include additional accounting, auditing, or other business related subjects such as: economics, management, finance, business administration, marketing, computer science, law, business communications, mathematics, tax and statistics.

(b) To qualify under the provisions of Section 5081.1(b), an applicant shall complete 120 semester units or the equivalent in quarter units, including 45 semester units or the equivalent in quarter units of accounting and related subjects, as described in subsection (a).

(c) To qualify under the provisions of Section 5081.1(c):

(1) an applicant shall complete foreign education that is equivalent to the education required by subsection (b) or foreign and US education that, in combination, is equivalent to subsection (b); or

(2) an applicant shall pass a board approved preliminary written examination as specified by Section 5081.1(c) of the Business and Professions Code and complete 10 semester units or the equivalent in quarter units of audit and accounting subjects.

(d) This section shall become inoperative on January 1, 2006.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5081.1, ~~and~~ 5084, ~~and~~ 5090, Business and Professions Code.

Section 9.1. Approved Credential Evaluation Service Status.

(a) To receive and to maintain Board approval, a credentials evaluation service shall:

(1) Be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association for Foreign Student Affairs: Association of International Educators, or the National Association of Credential Evaluation Services;

(2) Furnish the Board with a copy of its current written procedure for identifying fraudulent transcripts, and comply with that procedure;

(3) Furnish the Board with a list of its reference materials including the title of each reference, its publisher, and the date of publication, and certify that the references are adequate to prepare complete, accurate evaluations and are the most current editions available;

(4) Furnish the Board with biographical information on evaluators and translators, including a list of languages spoken and years in service. The service shall have at least one senior staff member with not less than five years of foreign student college admission experience or closely related credential evaluation experience at all academic levels;

(5) Furnish the Board with its organization chart showing the ratio of senior staff members to junior staff members is, at most, one to five, and shall not exceed that ratio;

(6) Furnish the Board with written evidence that a minimum of 50% of the evaluations performed by junior staff members are reviewed by senior staff members, and shall maintain at least that minimum;

(7) Furnish the Board with statistical information on the number of applications processed annually for the past five years;

(8) Furnish the Board with a list of at least three accredited colleges and universities or other licensing agencies using its services;

(9) Furnish the Board with three letters of reference, written within the last year, from public or private agencies;

(10) Furnish the Board with a copy of its appeal procedure for applicants, and comply with that procedure;

(11) Furnish evaluations to the Board that comply with the requirements of this section;

(12) For the initial application, furnish the Board with sample evaluations prepared for other agencies.

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- (b) Each evaluation provided by the Board approved service shall:
 - (1) Affirm in a written statement that the evaluation is based only upon authenticated, original transcripts and degrees;
 - (2) Include certified copies of all original transcripts;
 - (3) Be furnished directly to the Board, in English; on tamper-proof paper,
 - (4) Include a report of each degree held by the applicant along with the equivalent degree offered in the United States, the date the degree was granted and the institution granting the degree;
 - (5) Include a listing of the course titles with the semester unit equivalent for each course.
- (c) The credentials evaluation service shall report to the Board annually whether it has undergone any organizational changes. Approval issued under this section shall expire five years after the date of issuance unless renewed by the Board prior to its expiration by meeting the requirements in subsection (a). Approval may be withdrawn at any time if the credentials evaluation service fails to comply with any of the requirements of this section or of the provisions of paragraph (2) of subdivision (a) of Section 5081.1 of the Accountancy Act.

NOTE: Authority cited: Sections 5010 and 5081.1, and 5094, Business and Professions Code. Reference: Section 5081.1 and 5094, Business and Profession Code.

Section 9.2. Education Required Under Business and Professions Code Sections 5092 and 5093.

(a) Each applicant shall present satisfactory evidence that he or she has received a baccalaureate or higher degree, has completed the accounting subjects specified in subsection (b) of this section, and has completed the business-related subjects specified in subsection (c) of this section.

(b) The applicant shall have completed a minimum of 24 semester units, or the equivalent in quarter units, selected from the following accounting subjects: accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation.

(c) In addition to the accounting courses described in subsection (b), an applicant shall have completed a minimum of 24 semester units, or the equivalent in quarter units, selected from the following business-related subjects: accounting as described in subsection (b), business administration, economics, finance, business management, marketing, computer science/information systems, statistics, business communications, mathematics, business law, or business related law courses offered by an accredited law school. Only accounting units in excess of the 24 units required by subsection (b) may be counted as units in business-related subjects.

(d) Qualifying education shall be completed within the following time frames specified in this subsection:

(1) Except as provided for in subsection (d)(2), applicants shall complete the education required by this section before applying for examination for the first time.

(2) An applicant who passed the examination prior to December 31, 2001, but had not completed the qualifying education required by this section before applying for the examination for the first time, may complete qualifying education at any time prior to licensure provided the applicant applies and qualifies for licensure before January 1, 2006.

(e) Satisfactory evidence as to educational qualifications shall take the form of certified transcripts of the applicant's college record, mailed directly to the Board from the educational institution; however, in unusual circumstances the Board may accept such other evidence as it deems appropriate and reasonably conclusive. For foreign education, in addition to certified transcripts of the applicant's college record, satisfactory evidence usually takes the form of an evaluation of educational credentials by a credentials evaluation service approved by the Board pursuant to Section 9.1

(f) For purposes of this section, one quarter unit is equivalent to two-thirds of one semester unit.

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code. Reference: Sections 5092 and 5093, Business and Professions Code.

Section 10. Examination on Rules of Professional Conduct.

All applicants for a certified public accountant license shall pass an examination in professional ethics, acceptable to the Board, before such license is to be issued. This professional ethics examination shall be passed no sooner than two years prior to the Board's consideration of the application for licensure.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Sections 5018, ~~and~~ 5082, 5092, and 5093, Business and Professions Code.

Section 11.5. Experience Required Under Section 5083 of the Accountancy Act Requirements for Applicants Who will be Applying for Licensure Pursuant to Business and Professions Code Section 5090(b).

Applicants may be required to appear before the Qualifications Committee and present work papers, or other evidence, substantiating that their experience meets the requirements of Section 5083 of the Business and Professions Code.

(a) In order to meet the attest experience requirements as set forth in Section 5083, the applicant shall show to the satisfaction of the Board that his/her experience has included all the following:

- (1) Experience in the planning of the audit including the selection of the procedures to be performed.
- (2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.
- (3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.
- (4) Experience in the preparation of written explanations and comments on the work performed and its findings.
- (5) Experience in the preparation of and reporting on full disclosure financial statements.

(b) The applicant, pursuant to Section 5087 of the Accountancy Act, may be considered to have met the experience requirement for licensure when the applicant can show to the satisfaction of the Board that (s)he has been engaged in the

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practice of public accounting as a licensed certified public accountant in another state for five of the ten years preceding the date of application for a California license.

(c) The applicant who is applying with public accounting experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of Rule 11.5(a) and generally accepted auditing standards. Alternatively, the applicant may acquire one year of United States experience which meets the requirements of Business and Professions Code Section 5083 and Rule 11.5(a).

(d) The applicant who is applying with experience obtained five (5) or more years prior to application will be required to obtain 48 hours of continuing education courses in specific areas prescribed by the Board.

(e) The experience required by Section 5083 may be obtained in full-time or part-time employment. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(f) This section shall become inoperative on January 1, 2006.

NOTE: Authority cited: Sections 5010, 5018, and 5083, Business and Professions Code. Reference: Sections 5023 and 5083, and 5090, Business and Professions Code.

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be verified and supervised by a person holding a valid permit to practice public accounting. This verification shall be signed under penalty of perjury.

(b) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(c) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application will be required to obtain 48 hours of continuing education in specific areas prescribed by the Board.

(d) An applicant, pursuant to Section 5087 of the Accountancy Act, may be considered to have met the experience requirement of Section 5092 and 5093 if the applicant shows to the satisfaction of the Board that the applicant has been engaged in the practice of public accounting as a licensed Certified Public Accountant in another state for four of the ten years preceding the date of application for a California license.

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code. Reference: Sections 5087, 5092, and 5093.

Section 12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for or holder of a California Certified Public Accountant license issued pursuant to Business and Professions Code Section 5087, 5092, or 5093, shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095. A holder of a California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised and verified by person holding a valid permit to provide attest services. This verification shall be signed under penalty of perjury.

(d) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (a) of this section.

(e) The applicant who is applying with public accounting experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (a) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (a).

(f) The applicant who is applying with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education courses in specific areas prescribed by the Board.

(g) The applicant, pursuant to Section 5087 of the Accountancy Act, may be considered to have met the experience requirement of Section 5095 if the applicant shows to the satisfaction of the Board that the applicant has been authorized to provide attest services as a certified public accountant in another state for four of the ten years preceding the date of application for a California license.

(h) The experience required by Section 5095 may be obtained in full-time or part-time employment. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code. Reference: Section 5023, 5087, 5092, 5093, and 5095, Business and Professions Code.

Section 13. Applicants Who Applied for the Examination Prior to May 15, 2002.

(a) An applicant for the Certified Public Accountant license who applied, qualified, and sat for at least two subjects of the examination prior to May 15, 2002, may satisfy the examination requirement and qualify for licensure under the requirements that were in effect on December 31, 2001, provided the applicant qualifies and applies for licensure prior to January 1, 2006. Sections 7, 9, and 11.5 of these regulations apply only to these applicants.

(b) As an alternative to qualifying for licensure in accordance with the requirements described in subsection (a), an applicant for the Certified Public Accountant license who applied, qualified, and sat for at least two subjects of the examination prior to May 15, 2002, may qualify for licensure by meeting the requirements of Business and Professions Code Section 5092 or 5093 and the requirements of this article. The applicant may retain the examination scores he or she has received and may apply these scores toward meeting the requirements of Section 5092 or 5093. However, the applicant also may reapply as a new applicant and retake the examination in order to satisfy the examination requirements to qualify for licensure under the provisions of Section 5092 or 5093.

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code. Reference: Section 5090, 5092, and 5093, Business and Professions Code.

Section 14. Changing Pathways.

(a) An applicant who applied and qualified for the exam pursuant to Business and Professions Code Section 5093 may change, at any time prior to licensure, and apply under Section 5092 without having to retake sections of the examination already passed provided those sections were passed in accordance with the requirements of Section 5092. The applicant shall provide the Board with written notice of his or her intent to make this change.

(b) An applicant pursuant to Section 5092 who elects to change and make application under Section 5093 must reapply and qualify as a new applicant and retake the examination in order to qualify for licensure under the provisions of Section 5093.

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code. Reference: Sections 5091, 5092, and 5093, Business and Professions Code.

Section 37. Reissuance.

A certified public accountant (CPA) whose certificate has been canceled by the operation of Business and Professions Code ~~section~~ Section 5070.7 may, after July 1, 1993, apply for and obtain a new certificate if the applicant is otherwise qualified under the provisions of ~~section~~ Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. ~~in addition:~~ The reissued license will permit the CPA to perform the same services as did the cancelled license.

(a) Within 3 years preceding the date of application, the applicant has completed at least 120 hours of continuing education of which up to 48 hours must be in subject areas specifically identified by the board, ~~covering a combination of accounting, auditing, review, and compilation courses;~~

(b) ~~in lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.~~

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 5070.7, Business and Professions Code.

Section 50. Client Notification.

Every licensee engaged in the practice of public accountancy shall provide notice ~~to~~ reasonably calculated to be received by the licensee's clients of the fact that the licensee is licensed by the California Board of Accountancy. For purposes of this section, "licensee" means a Certified Public Accountant, Public Accountant, accountancy partnership, or accountancy corporation licensed by the California Board of Accountancy. Notice shall be provided by any of the following methods:

(a) Displaying his or her the certificate of licensure issued by the Board in the office or the public area of the premises where the licensee provides the licensed service.

(b) Providing a statement to each client to be signed and dated by the client and retained in that person's records that states the client understands the person is licensed by the California Board of Accountancy.

(c) Including a statement that the licensee is licensed by the California Board of Accountancy either on letterhead or on a contract for services where the notice is placed immediately above the signature line for the client in at least 12 point type.

(d) Posting a notice in a public area of the premises where the licensee provides the licensed services, in at least 48-point type, that states the named licensee is licensed by the California Board of Accountancy.

(e) Any other method of written notice, including a written notice that is electronically transmitted or a written notice posted at an Internet Website, which is reasonably calculated to be received by the licensee's clients.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 138, Business and Professions Code.

Disciplinary Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs Division of Investigation.

Following this investigation, or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board, and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to, and permit a "practice investigation" of the Respondent's professional practice. Such a "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the California Board of Accountancy.
- In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If Respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board of Accountancy, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself. Please note that Board actions reported here may not be final. After the effective date of the Board's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the Board's decision or return the decision to the Board for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow approximately three weeks for each request.

Disciplinary Board Actions 5/2/01 through 9/1/01

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
BERNARD, THOMAS J. Fresno, CA (CPA 67358) Revocation of CPA Certificate, via default decision. Effective June 23, 2001	<p>On or about July 10, 2000, Respondent pleaded guilty to two counts of bank fraud in the United States District Court in Lincoln, Nebraska. Respondent diverted approximately \$1.3 million, obtained from the sale of cattle by Sand Hills Beef, Inc. These funds were used to pay the expenses of another affiliated company; the money should have been paid to FBS Agriculture Credit, Inc., to which the cattle had been pledged as collateral. On December 4, 2000, Respondent was sentenced in Lincoln, Nebraska, to 54 months in federal prison.</p> <p>Respondent failed to report the convictions to the California Board of Accountancy within 30 days of the conviction.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (a).
KALAJIAN, THOMAS V. Laguna Hills, CA (CPA 22037) Revocation of CPA Certificate, via proposed decision. Effective May 2, 2001 Respondent is required to reimburse the Board \$18,803 for its investigative and prosecution costs.	<p>During the period of time from February 27, 1997, through February 10, 1998, Respondent wrote 45 checks on behalf of a client payable to himself, totaling \$120,638. However, documents provided to the client only disclosed that Respondent received \$26,333. The balance, which totaled \$94,305, was received without the client's authorization, knowledge, or consent.</p> <p>Furthermore, Respondent's CPA certificate was not valid between April 1, 1995, and June 13, 1995, and between April 1, 1997, and June 13, 1997. Respondent performed public accountancy and used the CPA designation during these periods of delinquent licensure.</p> <p>Respondent also practiced public accountancy as "Thomas Kalajian, CPA, Inc." even though the corporate name was not licensed with this Board.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5060, 5100 (c), (h), (i), and (j).
KRAMER, STUART D. Poway, CA (CPA 36758) Revocation of CPA Certificate, via default decision. Effective September 1, 2001	<p>On May 2, 2001, a Petition to Revoke Probation was filed against the Respondent, as the Respondent had not complied with the terms of probation pursuant to a Stipulated Settlement and Disciplinary Order.</p> <p>Respondent did not submit written quarterly reports within 10 days of completion of the quarter. Respondent did not reimburse the Board \$7,912 for its investigation and prosecution costs or, in the alternative, provide evidence of financial hardship to the Board and request consideration for community service.</p>	Terms of probation.

Disciplinary Board Actions 5/2/01 through 9/1/01

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
MONTERROSO, SERGIO V. Visalia, CA (CPA 58907) Revocation of CPA Certificate, via default decision. Effective June 28, 2001	During the period of approximately November 1991 through December 1997, while serving as treasurer for the Visalia Seventh-Day Adventist Church, Respondent took approximately \$860,241 of church funds for or on behalf of his own personal benefit without the authority, knowledge, or approval of church officials. During this time, Respondent prepared and presented periodic financial reports to church officials that were false and misleading.	Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (j).
PARKS, THOMAS F. Sacramento, CA (CPA 43938) Revocation of CPA Certificate, via stipulated decision. Effective June 23, 2001	Respondent admits that while employed for a company in private industry as a chief financial officer, he took checks that were mailed to the company for such items as rebates or closed bank accounts. He endorsed the backs of the checks with false names and then opened accounts using false names. Respondent defrauded the company of approximately \$161,000. Respondent was subsequently convicted on April 24, 2000, of fraud and theft through the use of the mail. Respondent did not report his conviction to the California Board of Accountancy within 30 days of the conviction.	Business and Professions Code, Division 3, Chapter 1, §§ 5063 and 5100 (a), (c), (f), (h), and (j).
SCANLAN, TERENCE J. Seal Beach, CA (CPA 52565) Revocation of CPA Certificate, via default decision. Effective June 23, 2001	As President and Chief Executive Officer of Spectrum Laboratory Products, Inc., Respondent wrote checks payable to himself totaling \$531,000 from Spectrum's account with Chemical Bank and \$79,840 from an account with Bank of America maintained by Burg & Son, a related entity owned by Spectrum's founder and Chairman. Respondent made false entries in the cash disbursements journal for the account with Chemical Bank and in the check register for the account with Bank of America to conceal the unauthorized diversions of funds.	Business and Professions Code, Division 3, Chapter 1, § 5100 (h), (i), and (j).

(Please see Disciplinary Actions, continued on page 23)

Disciplinary Board Actions as of 5/2/01 through 9/1/01

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
<p>TOWEY, CHARLES J. Rohnert Park, CA (CPA 29631)</p> <p>Revocation of CPA Certificate, via proposed decision.</p> <p>Effective May 3, 2001</p> <p>Respondent is required to reimburse the Board \$3,932 for its investigative and prosecution costs.</p>	<p>In July 1994, Respondent proposed to clients an investment opportunity to purchase a Mission Tortilla delivery route. After the clients agreed, they gave Respondent \$15,000. Respondent deposited the funds into a personal account and gave the clients two stock certificates in a dormant corporation. Respondent never applied the funds given to him by the clients toward the financing of the Mission Tortilla delivery route. After numerous demands by the clients, Respondent gave the clients two checks for \$15,262 each in August 1997. Respondent told the clients that the funds were available, and the checks would be honored. The checks were returned, due to insufficient funds.</p> <p>Respondent was convicted in March 2000 in the Sonoma County Superior Court by a plea of no contest to a felony violation of knowingly issuing a check with insufficient funds. Respondent was sentenced to serve 150 days in county jail and placed on probation for 36 months. He paid the clients \$30,000 in restitution, and the court reduced the felony conviction to a misdemeanor.</p> <p>Respondent did not advise the Board of his criminal conviction.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (a), (c), (h), and (f).</p>
<p>WISE, JOHN H. Fresno, CA (CPA 9638)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p>Effective June 23, 2001</p>	<p>On or about July 11, 2000, Respondent pleaded guilty to one count of bank fraud and one count of money laundering in the United States District Court in Lincoln, Nebraska. Respondent prepared and executed a fraudulent bill of sale in connection with a check for \$30,000 from Sand Hills Beef, Inc. Respondent also conducted a financial transaction in the form of a check for \$159,889 made payable to Sand Hills Beef, knowing that the monetary instrument represented the proceeds of unlawful activity and that the transaction was designed to conceal the proceeds of unlawful activity.</p> <p>Respondent did not report his conviction to the California Board of Accountancy within 30 days of the conviction.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (a).</p>

(Please see Disciplinary Actions, continued on page 24)

Other Board Actions 5/2/01 through 9/1/01

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
CHO, JOHN SUNGMAN La Canada, CA (CPA 52783) Revocation stayed with three years' probation and a 30-day suspension, via stipulated settlement. Effective May 2, 2001 Respondent shall take and pass a Board-approved ethics examination. Respondent shall complete 24 hours of continuing professional education as specified by the Board or its designee. Respondent is required to reimburse the Board \$10,500 for its investigative and prosecution costs.	For purposes of this settlement, Respondent admits the truth of the allegations set forth in the Accusation, including gross negligence and knowing preparation of materially misleading reports. Respondent issued a report in connection with his review of the financial statements for a client wherein the report states that Respondent is not aware of any material modifications that should be made to the accompanying financial statements in order for them to conform with generally accepted accounting principles (GAAP). Respondent's review report is not in compliance with professional standards. Respondent's working papers do not document a reasonable basis for expressing a limited assurance that no material modifications were required for the financial statements to be in conformity with GAAP. The financial statements contain certain unusual matters, which should have led Respondent to perform additional procedures to resolve these matters.	Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5100 (c), (f), and (i). California Code of Regulations, Title 16, Division 1, § 58.
HOMNICK, CORY M. San Diego, CA (CPA 49712) Revocation stayed with three years' probation and a 120-day suspension, via stipulated settlement. Effective May 2, 2001 Respondent shall participate in a community service program and provide a minimum of 100 hours of free services to a community or charitable facility or agency. Respondent shall take and pass a Board-approved ethics examination. Respondent is required to reimburse the Board \$5,233 for its investigative and prosecution costs.	For purposes of this settlement, Respondent admits the truth of the allegations set forth in the Accusation. While employed by the accounting firm of Hawkins & Scott, Respondent knowingly prepared an IRS Form 1040 for a client that did not include \$1,073,290 as miscellaneous taxable income. Respondent made the omission with the intent to assist the client in illegally evading payment of federal income tax. On January 31, 2000, Respondent, based upon his plea of guilty, was convicted on one count of aiding and abetting in the preparation and filing of a false tax return. As punishment, Respondent was sentenced to an Urban Work Camp for six months. Respondent also failed to report his felony conviction to the Board.	Business and Professions Code, Division 3, Chapter 1, §§ 5063, and 5100 (a) and (i).

(Please see Disciplinary Actions, continued on page 25)

Other Board Actions 5/2/01 through 9/1/01

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
KONKLE, RONALD PAUL Vacaville, CA (CPA 56833) Revocation stayed with one year's probation, via stipulated settlement. Effective September 1, 2001 Respondent shall be prohibited from performing audits, reviews, compilations, and other attest engagements for a period of at least one year from the effective date of the Board decision. Respondent may resume providing attest services after one year from the effective date of the Board decision when the following conditions are met: <ul style="list-style-type: none"> ■ Respondent shall take and pass the audit section of the CPA Examination prior to his resumption of such professional services. ■ Respondent shall notify the California Board of Accountancy of his intentions to resume performing attest engagements and arrange for review of his work by another CPA. Respondent is required to reimburse the Board \$1,000 for its investigative and prosecution costs.	Respondent admits that he was grossly negligent in the three engagements set forth in the Accusation. Respondent performed two audits of nonprofit organizations that contained extreme departures from generally accepted auditing standards and government auditing standards. Respondent performed a review engagement that contained extreme departures from professional standards.	Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5100 (c), (f); California Code of Regulations, Title 16, Division 1, § 58. Terms of probation.

Appeal of Citation and Fine Before an Administrative Law Judge

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
CUMMINS, MICHAEL J. San Jose, CA (CPA 30051) Citation affirmed. Respondent was ordered to pay the administrative fine of \$750, via proposed decision. Effective May 3, 2001	During the period from September 5, 1996, through July 24, 1997, Respondent engaged in the practice of public accountancy without a valid permit. Respondent prepared and signed as a CPA three declarations, filed with the U.S. Bankruptcy Court during the period in question.	Business and Professions Code, Division 3, Chapter 1, § 5050.

Future Meetings

September 21, 2001
 Sheraton Gateway Hotel
 6101 West Century Blvd.
 Los Angeles, California 90045
 Board Meeting
 Committee on
 Professional Conduct

October 24-25, 2001
 Marina del Rey Hotel
 13534 Bali Way
 Marina del Rey, California 90292
 Qualifications Committee

October 25, 2001
 Sheraton Gateway Hotel
 6101 W. Century Boulevard
 Los Angeles, California 90045
 Administrative Committee

November 16, 2001
 Shelter Pointe Hotel
 1551 Shelter Island Drive
 San Diego, California 92106
 Board Meeting
 Committee on
 Professional Conduct

January 8, 2002
 Canterbury Hotel
 750 Sutter Street
 San Francisco, California 94109
 Qualifications Committee

January 25, 2002
 San Francisco
 Board Meeting
 Committee on
 Professional Conduct

Board, committee, and task force meetings are open to the public. Licensees are encouraged to attend. As meeting locations become known, they will be posted on the Board's Web site at www.dca.ca.gov/cba and are also available by calling the Board's office at (916) 263-3680.

Disciplinary Definitions

Accusation

A formal document that notifies a licensee of the agency's charges against the licensee.

Cost Recovery

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

Default Decision

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file.

Effective Date

The date the disciplinary decision becomes operative.

Probation

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

Reinstatement

A revoked license that is restored, not sooner than one year from the date of revocation, to a

clear or inactive status after petition to and approval by the Board. Reinstatement may include probation and/or terms and conditions.

Revocation

The individual, partnership, or corporation is no longer licensed as a result of a disciplinary action.

Stayed

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

Stipulation

The matter is negotiated and settled without going to hearing.

Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

Voluntary Surrender

The licensee has voluntarily surrendered the license. The individual, partnership, or corporation is no longer licensed. Surrender may also require certain conditions be met should the former licensee ever choose to reapply for licensure.

ADDRESS CHANGE FORM

A separate change of address form must be submitted for each license type.

Please Print

Name of Licensee

Individual (CPA/PA) - Lic. No. _____

_____	_____	_____
Last	First	Middle

Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. _____

Firm Name

Address of Record

Be advised that your address of record is public information, and all Board correspondence will be sent to this address.

☐ Home ☐ Business (check one)

Business Name (if different from name above)

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City State Zip

Other Address

Provide a street address if your address of record is a mail drop or a Post Office Box. This address will not be posted on the Web License Lookup.

☐ Home ☐ Business (check one)

_____	_____
-------	-------

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City State Zip

Daytime Phone Number

_____ - _____
Area Code

Date of Birth

Mo. Day Year

I certify the truth and accuracy of all of these statements and representations.

**Signature of Licensee,
Licensed Partner, or
Licensed Shareholder** _____

Date _____

Print your name _____

A licensee who fails to notify the California Board of Accountancy within 30 days of a change in his/her address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. ☐
Please Note: Your name and address of record is public information and can be accessed through our Web site at www.dca.ca.gov/cba.

Mail to: California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832
or **FAX to:** (916) 263-3675

Board of Accountancy Directory

Board Office	(916) 263-3680
Board Office Facsimile	(916) 263-3675
License Status Check	(916) 263-3680
Also available on Board Web site.	
General Examination Questions	examinfo@cba.ca.gov
	(916) 263-3953 or 263-3958
	Facsimile (916) 263-3677 or (916) 614-3253
Last name begins with:	
A-C	(916) 263-3954
D-J	(916) 263-3957
K-M	(916) 263-3959
N-S	(916) 263-3956
T-Z	(916) 263-3938
Enforcement Information and Questions	enforcementinfo@cba.ca.gov
	(916) 263-3977
	Facsimile (916) 263-3673
Certifications	(916) 263-3949
Initial Licensing — Individual:	licensinginfo@cba.ca.gov
	fingerprinting@cba.ca.gov
Last name begins with:	
A-Ke	(916) 263-3946
Kf-Te	(916) 263-3947
Tf-Z	(916) 263-3948
	Facsimile (916) 263-3676
Initial Licensing — Partnerships, Corporations, Fictitious Names:	(916) 263-3948
	Facsimile (916) 263-3676
Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:	
	renewalinfo@cba.ca.gov
Last name begins with:	
A-G	(916) 263-3799
H-O	(916) 263-3798
P-Z	(916) 263-3935
	Facsimile (916) 263-3672
Web Site Address	www.dca.ca.gov/cba
Web Page Master	pagemaster@cba.ca.gov

Address Service Requested

Board Members

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Navid Sharafatian, Vice President
Michael S. Schneider, CPA, Secretary-Treasurer
Richard S. Charney, D.C.
H. E. Mikkelsen, CPA
Wendy S. Perez, CPA
Baxter Rice
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Qualifications Committee, Paul Koreneff, CPA
Report Quality Monitoring Committee, Michael D. Feinstein, CPA

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